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C O N F I D E N T I A L SECTION 01 OF 04 GUATEMALA 001435

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HARARE FOR BRUCE WHARTON  
USTR FOR BUD CLATANOFF  
USDOL FOR ILAB: JORGE PEREZ-LOPEZ AND ROBERT WHOLEY

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TAGS: PGOV PREL PHUM ELAB ETRD CASC GT

SUBJECT: ASSISTANT SECRETARY STRUBLE'S MAY 29-31 VISIT TO  
GUATEMALA

Classified By: Political Counselor David Lindwall. Reason 1.5 (b&d).

**¶1.** (C) Summary: During a May 29-31 visit to Guatemala, to participate in a WHA Entry Level Conference, Acting Assistant Secretary Curt Struble met with Vice President Reyes Lopez,

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Acting Foreign Minister Aguilera and Minister of Interior Reyes Calderon to discuss the full range of bilateral issues.

Vice President Reyes reiterated the Portillo Administration's desire to complete free trade negotiations with us by November, 2003, and said that the GOG would conclude a maritime counternarcotics agreement with the U.S. during the first week of June. In a call on human rights leader Helen Mack, AA/S Struble expressed USG support for Mack's efforts to obtain justice in the case of her sister, who was murdered by security forces in 1990, and the creation of an international mission to investigate the actions of clandestine forces that have threatened human rights workers in recent years. AA/S Struble and the Ambassador secured assurances from Attorney General de Leon that greater attention would be given to the investigation of the murders of American Citizens and labor union members. De Leon also described the ongoing investigation of a major corruption case at the Social Security Institute that could implicate important political sectors. Press attention during the visit focused on USG concerns over a possible Rios Montt presidency and satisfaction with improvements in counternarcotics cooperation. The visit brought attention both publicly and privately to the need for concrete actions to advance critical issues on the bilateral agenda in the remaining eight months of the Portillo Administration. End Summary.

Vice President Anxious to Conclude Free Trade Negotiations

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**¶2.** (C) Vice President Francisco Reyes Lopez, accompanied by Acting Foreign Minister Gabriel Aguilera and Minister of Interior Reyes Calderon, hosted a lunch at the Presidential Palace for AA/S Struble, the Ambassador and PolCouns (notetaker) on May 30. Reyes said that the Portillo Administration is firmly committed to completing a free trade agreement with the United States (CAFTA), and would like to conclude the negotiation as soon as possible. Reyes noted that President Portillo will be handing over power to a new president in January 2004, and that by November 30, 2003, Congress will out of session. He said the GOG is prepared to increase the pace of negotiations in order to complete them by the end of October, 2003, giving the Guatemalan Congress a month to ratify the agreement. Reyes fears that if an agreement is not concluded by then, it will be difficult to get the current Congress to approve it, and the next Congress is expected to be much more fractured than the current one.

**¶3.** (C) AA/S Struble and the Ambassador praised the Guatemalan negotiating team, and said that Guatemala's positions at the most recent round of talks had moved the negotiation significantly forward. The Vice President agreed, but said that the GOG still has some concerns over potential losses to its agricultural sector. He described how, during a visit to Iowa, he was amazed at the US potential for producing corn. He said Guatemala could never compete against the US in corn production, yet 50% of Guatemalans are corn farmers. Lopez argued that an agreement that did not take into consideration Guatemala's particular agricultural needs would only lead to increased rural poverty and more immigration to the United States. AA/S Struble commented that during the April 10 meeting between President Bush and the Central American presidents, President Bush said emphatically that the US does not want an agreement that disfavors Central America. USG policy is to negotiate an agreement that is beneficial to both sides. Struble also noted AID's efforts to coordinate its development assistance strategy to the needs of CAFTA, but he warned that inefficient producers are going to come under pressure with or without CAFTA.

**¶4.** (C) The Ambassador told the Guatemalans that the USG was pleased with the increase in counternarcotics cooperation in recent months. He noted that we are close to signing a maritime counternarcotics cooperation agreement, and

expressed hope that the GOG would ratify this agreement in the coming days. Acting Foreign Minister Aguilera said that the MFA expects to have an agreed text ready to send to Congress for ratification by June 4 (Note: In Guatemala, Congressional ratification of international agreements precedes signature by the President. End note). Vice President Reyes said that much has been done, but acknowledged that much remains to be done to deny the use of Guatemala to the traffickers as a transit point for drugs heading north. He made a pitch for greater USG financial assistance to the counter-drug effort in Guatemala. The Ambassador commented that recently passed asset forfeiture legislation, if properly applied, would generate far more resources for the law enforcement purposes than the U.S. would ever be able to provide. He urged the Guatemalans to begin implementing this law and to use the proceeds effectively to fight drugs.

**15.** (C) On other matters, AA/S Struble expressed concern for the slow movement by GOG authorities to investigate the murders of 13 AmCits in the past three years, and called on the Vice President to use the Executive's influence with the Attorney General and the Courts to give serious attention to these cases. He noted that the USG is also concerned about the recent murders of several labor leaders and the lack of effective investigation of their cases. AA/S Struble told Vice President Reyes that labor rights are a fundamental concern of the U.S. in Guatemala, and that the potential GSP review and ongoing CAFTA negotiations brought more attention to Guatemala's labor situation. Vice President Reyes acknowledged that more needs to be done to protect labor rights, and went on to list the Portillo Government's accomplishments in this field (e.g. passage of a new labor code, increases in the minimum wage, lowering of requirements for establishing new unions, etc.).

Helen Mack Describes Long Road Ahead for Human Rights

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**16.** (C) Accompanied by Ambassador and PolOffs, AA/S Struble visited the Myrna Mack Foundation to discuss with Foundation Director Helen Mack recent developments in the Myrna Mack case, progress in establishing the proposed commission to investigate clandestine groups (CICIACS) and widespread concerns about the failure of the justice system and continuing impunity. Mack thanked AA/S Struble for his visit and the sustained USG public support, both from Washington and the Embassy. Mack said that she was disappointed by the recent reversal of the October 2002 conviction that she and her legal team had won against the alleged intellectual authors of her sister's murder. She also explained the appeal process before the Supreme Court, which she filed on May 28, in which she asked the court to uphold the earlier conviction of retired Colonel Valencia Osorio and his former EMP (Presidential Military Guard) supervisor, retired General Godoy Gaitan. Mack anticipates that no decision will be made on her appeal until after the November 2003 elections and the installation of a new government in January of 2004. AA/S Struble expressed USG disappointment in the recent setback in the Mack case, and the hope that the Guatemalan judicial system would soon find the intellectual authors responsible for the crime.

**17.** (C) In regard to CICIACS, Mack opined that the most important effect the CICIACS could have would be to expose publicly the existence of the organized criminal structures that are undermining the rule of law in Guatemala, and beginning to remove those structures from the positions of power they currently enjoy, thanks to their connections in the government. She thanked AA/S Struble for the commitment of USG financial and political support for this endeavor.

**18.** (C) Mack said that she did not have high expectations that the recent Consultative Group Meeting would spur the government of President Alfonso Portillo to make significant progress in implementing remaining elements of the peace accords during its final eight months in office. She opined that little improvement would be made in administration of justice in Guatemala unless the international financial institutions conditioned their loans on concrete improvement in the administration of justice. Mack does not believe sufficient incentives are currently in place to bring about improvements in administration of justice, and that the only tool that is likely to have sufficient leverage is conditionality on IFI loans. She expressed thanks for the support of the international community which used the Consultative Group Meeting to press the GOG for concrete reforms, but said that unless Guatemalans overcome their apathy and begin to take ownership of resolving these problems themselves, this government and future governments would have little incentive to respond.

**19.** (C) Following the meeting, AA/S Struble spoke with reporters and reaffirmed the priority the USG attaches to the promotion and defense of human rights in Guatemala. Calling Helen "a national treasure," Struble lauded her role in

seeking justice in human rights cases and working to end the impunity that has long overshadowed human rights cases in Guatemala.

Attorney General Promises Greater Attention to AmCit and Labor Cases

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¶10. (C) AA/S Struble and the Ambassador met on May 29 with Attorney General Carlos de Leon Argueta to congratulate the GOG on recent improvements in counter-narcotics cooperation and to encourage stronger efforts by the Public Ministry to investigate unsolved murders of U.S. citizens, Guatemalan labor leaders, and to ensure the independence of a GOG forensic laboratory which will receive USG funding. He told de Leon that the USG, Congress and civil society are concerned about unsolved murders of AmCits (13 in the past three years) and lagging investigations of murdered labor leaders in Guatemala. AA/S Struble requested that the GOG make further efforts to combat and prevent these crimes by ending the impunity enjoyed by perpetrators. AA/S Struble further noted that an AFL-CIO petition to withdraw Guatemala's GSP trade benefits is currently under review, and Congressional approval of an eventual free trade agreement with Central America will draw increased attention to labor rights protections in the region. AA/S Struble noted a growing recognition by some in Central America (he cited Salvadoran President Flores in an April 11 meeting between Central American presidents and President Bush) that Central American governments need to do a better job convincing U.S. NGOs and the AFL-CIO that a CAFTA will enhance protection of labor rights in the region. The Ambassador went on to encourage de Leon to devote more resources to combat money laundering.

¶11. (C) De Leon said that he was reviewing the progress of the special prosecutor investigating the murder of AmCits, and will replace him if insufficient progress is revealed. To combat impunity the Ministry had added 100 new prosecutors, including six dedicated to money laundering investigations. A new Special Prosecutor for Crimes Against Trade Unionists and Journalists and supporting team had recently been appointed, and is already making progress, pursuing arrest warrants, judicial processes and trials. Some of the crimes against union leaders, for example the murder of the head of the municipal union of Nueva Concepcion, Escuintla province in November 2002, were motivated not by anti-union motives but by a power struggle within organized crime, he said. Arrests have already been made in that case, which involved 16 murders. De Leon expressed GOG gratitude for support from the Ambassador and DEA which has resulted in record seizures of drugs and cash in recent months. He also cited the Ministry's efforts to prosecute human rights crimes, citing the successful prosecution of 16 former agents of the anti-narcotics police for abuse of authority in the Chocon case.

¶12. (C) De Leon said he was optimistic about what the Ministry could accomplish over the remaining three years of his term. However, although the Public Ministry had substantially improved its human resources since his arrival, it still lacked sufficient funding to provide adequate national coverage. The average prosecutor must handle 1,500 cases per year, and the Ministry budget can only afford an average expenditure of \$130 per case. Nevertheless, the Ministry had launched low-cost initiatives to extend the rule of law. For example, the ministry recently ran a public information campaign to combat intra-family violence; complaints by battered women shot up 400% as a result. De Leon said his other priorities include the creation of a new FBI-like institution within the Public Ministry and combating corruption. He claimed to be resisting overtures from corrupt elements within the Presidential Guard (EMP) and to have instituted procedures to prevent the disappearance of seized assets. "In this job I cannot have friends or enemies, I must apply the law equally to everyone," he said.

¶13. (C) De Leon said that the current IGSS scandal (involving the theft of over \$30 million from the Social Security Institute) shows that the GOG's system to detect and investigate money laundering works. All the IGSS funds diverted to illicit and overseas accounts have been recovered, he said. He gave AA/S Struble a list of the banks and sums of money identified (including Citibank) totaling \$17.4 million, and said that money laundering statutes provided the Public Ministry new powers to take measures to freeze illicit accounts. The Ministry had executed over 20 raids and seized computer records and other evidence of the fraud committed by IGSS officials. The Ministry will arrest Carlos Wholers, an FRG Deputy and then-President of the IGSS board of directors (named by President Portillo), as well as the other members of the board of directors on May 30. AA/S Struble encouraged the GOG to recoup workers' funds and punish those responsible.

**¶14.** (U) At a press roundtable attended by 20 reporters on May 30, most questions focused on a recent statement by State Department Spokesman Boucher to the effect that if former General Efrain Rios Montt were elected President in the upcoming election, the United States would have a difficult relationship with his government. Reporters also asked about the status of Guatemalan counternarcotics cooperation (and the possibility of Guatemala regaining certification as a cooperating partner in the war on drugs) and USG objectives in the ongoing free trade talks. AA/S Struble addressed the question about Rios Montt by reading the State Department's earlier statement and saying it speaks for itself. On counternarcotics cooperation, AA/S Struble told reporters that there have been several concrete improvements in counternarcotics cooperation in recent months, and that the USG would evaluate this progress at the appropriate time. In response to questions about CAFTA, AA/S Struble noted the firm commitment of President Bush to securing an agreement that is good for both sides. AA/S Struble's statements played prominently in all the papers and radio on May 31.

Comment

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**¶15.** (C) The visit of Acting Assistant Secretary Struble brought attention, both publicly and privately, to the need for the Portillo Administration to focus efforts in a number of concrete areas of our bilateral agenda in its remaining eight months in office -- namely, successful completion of free trade negotiations, continued progress in counternarcotics cooperation, effective promotion of human rights (including the establishment of CICIACS), and investigation of the murders of American citizens and labor union leaders. As national elections begin to distract the Government and other political actors from the task of addressing critical areas of our bilateral agenda, the Embassy will press the government and Attorney General to keep their eye on the ball to ensure that their commitments result in concrete actions.

**¶16.** (U) This cable was cleared by AA/S Struble prior to his departure from post.

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